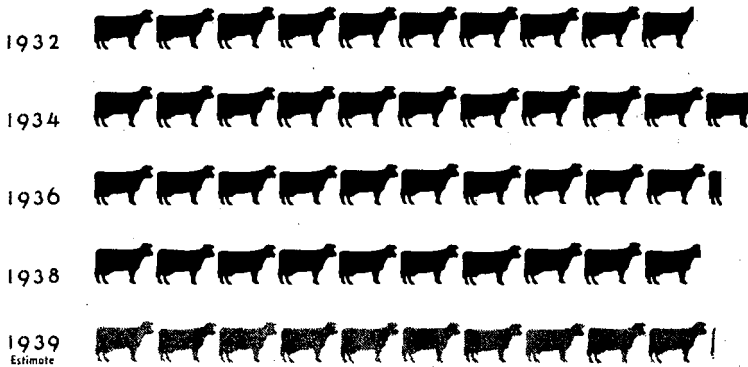


December 1938

Dairy and Poultry Outlook

MINNESOTA — 1939

DAIRY COWS ON FARMS



EACH SYMBOL REPRESENTS 1/2 MILLION HEAD AS OF JANUARY 1

THE DAIRY SITUATION

Numbers

The number of milk cows (cows and heifers two years old and over kept for milk on farms) on the first of January 1938 was estimated to be 24,902,000 head or 7.5 per cent less than the excessively high number at the beginning of 1934. This number amounts to 19.2 milk cows per 100 of population. The downward trend in cow numbers per 100 of population has been about offset by the upward trend in production per cow so that the milk production per capita has remained about the same.

The total number of milk cows culled in 1938 was about equal to the number of heifers added to herds. There will be a slight increase in milk cow numbers by January 1, 1939; however, this increase over January 1, 1938 will probably be less than one per cent.

There is some indication that milk cow numbers will increase further by January 1, 1940. The estimated number of heifers (one to two years old) on January 1, 1939 will probably be about 5,100,000 head. On the

For the Livestock Outlook see Extension Pamphlet 56, or for more detailed information on the national outlook for agriculture write to University Farm, St. Paul, for U.S.D.A. Misc. Publ. 333, "The Farm Outlook for 1939."

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basis of average culling, as during the last three years, no increase would occur ; with minimum culling, as during 1931-1933, the increase might be 4 per cent.

Production

Total milk production during the calendar year 1938 was 4 or 5 per cent more than in 1937 and nearly 3 per cent above the previous peak in 1933. Butter production exceeded that of 1937 by approximately 100 million pounds.

Owing to excellent summer and fall pastures, milk cows started the 1938-1939 feeding season in excellent condition. Feed-grain supplies per animal unit are the largest in 15 years. Supplies of protein by-product feeds, although smaller than a year ago, are larger than in any of the 10 years prior to 1934. Hay supplies are the largest in more than 10 years.

Butterfat prices have been low in relation to those of veal calves and beef cattle. They are, however, relatively high as compared to feed prices. Dairying thus furnishes a continued good market for the abundant feed supply, and liberal feeding will continue. In view of these factors, milk production in the 1938-1939 winter feeding season will probably average 2 or 3 per cent higher than a year earlier. This would be the largest winter milk production on record, and on a per capita basis about 3 per cent above the 10-year average.

Consumption

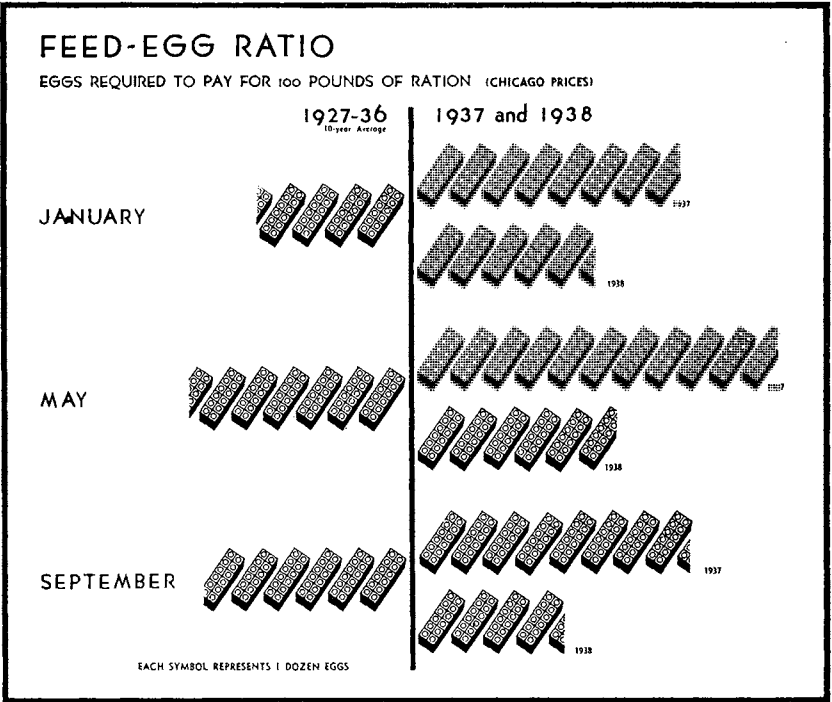
Consumption of dairy products in 1938 was about the same as in 1937. With lower prices, consumer expenditures have been over 55 million dollars smaller. Because of increased production, consumption has not kept pace with production. Stocks of butter on December 1 were unusually high. Of the total stocks of 159 million pounds on December 1, the Dairy Products Marketing Association held 98 million pounds and relief agencies 8 million. Stocks in the hands of the trade totaled about 53 million pounds in contrast to 66 million pounds a year earlier. Stocks of American cheese on November 1 were 12 per cent above the preceding peak for that date in 1936.

The consumption of fluid milk and cream declined during the first half of 1938, is expected to be about the same during the winter of 1938-39 as a year earlier, and over a longer time is expected to increase.

Consumption of ice cream was less in 1938 than in 1937. Consumption of ice cream fluctuates readily with consumer buying power. To the extent consumer buying power increases, the consumption of ice cream can be expected to increase.

Cheese was the only important dairy product of which consumption was greater in 1938 than in 1937. The long-time trend in per capita consumption of cheese is decidedly upward.

Evaporated milk consumption reached a peak in 1937. Consumption declined somewhat in 1938, but this is likely a temporary decline. The consumption of evaporated milk has increased in relation to fresh milk and cream and is expected to continue to do so.



Butter consumption during the first eight months of 1938 was the same as in the corresponding months of 1937. It will probably increase during the winter from the relatively low level of the last year or two; however, an unusual increase cannot be expected. During the last 30 to 35 years there has been no consistent tendency for per capita production and consumption of butter to increase or decrease. Also, during the last three years retail prices of oleomargarine have been low compared with butter prices, which has stimulated its use instead of butter. To the extent this price margin can be narrowed, the consumption of butter can be relatively increased.

Prices

During the summer of 1938 the price of butter averaged decidedly lower than in the corresponding period of 1936 and 1937, but about the same as in 1934 and 1935. The purchases by the Dairy Products Marketing Association tended to hold up prices during the summer. During the summer the New York market for 92-score butter reached a point about two cents below the London market for New Zealand butter. A further price decline of a few cents per pound in the United States would have moved considerable United States butter into the world market, would have increased domestic consumption because of a lower price to

the consumer, would have discouraged some dairymen from heavy summer feeding, and thus would have prevented the heavy storage supply during the fall and winter of 1938-39. The butter surplus created by the purchase program is acting as a ceiling to butter prices during the fall and winter months. Any marked improvement in milk and butter and other dairy products prices will depend on further increases in urban prosperity and in a rise in the general level of prices.

THE POULTRY AND EGG SITUATION

EGGS

The Feed Situation

With feed grain supplies per animal unit for the 1938-39 feeding season the largest in 15 years, feed prices are relatively low compared to egg prices. The feed-egg ratio has been so favorable that in September 1938 only 4.26 dozens of eggs were required to purchase 100 pounds of poultry ration. This ratio was only slightly more than half as high as for that date in 1937 and considerably lower than the 10-year average. Efficient egg production thus provides a desirable market for feed grains and is expected to continue to do so at least during the first half of 1939. Such a favorable feed ratio has resulted in the retention of more hens and pullets for the winter laying flock and is expected to increase the 1939 spring hatch, to a record high.

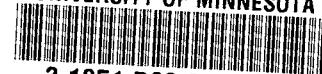
Supply of Eggs

The size of laying flocks will probably be around 10 per cent larger during 1939 than it was in 1938, owing to a larger 1938 hatch and a favorable feed-egg ratio. Favorable weather and the favorable feed-egg ratio also resulted in increased production per hen. From January through August 1938, with the exception of one month, egg production per hen continued at a record-high seasonal level. With much larger flocks and the same favorable conditions, the supply of eggs will be considerably higher during 1939 than in 1938.

Egg Storage

United States storage stocks of shell eggs at the peak of the 1938 season, August 1, were lower than a year ago by approximately 2,250,000 cases, or 26.5 per cent, and the lightest since 1916. Storage stocks of frozen eggs were smaller than in 1937 but larger than the 1927-1936 average. Combined storage of shell and frozen eggs was below the 10-year average. The trend in egg storage is definitely in the direction of more frozen eggs and fewer shell eggs.

Storage stocks of eggs in 1939 are expected to be larger than in 1938 because of the expected favorable outcome of the current storage operations and an increase in the supply of eggs.



Egg Prices

Egg prices advanced less than the usual seasonal amount during the fall of 1938, owing to mild weather and low feed costs which resulted in a larger total supply of eggs. A small carry-over of eggs on January 1 and the slightly improved consumers' income are favorable factors toward maintaining egg prices during the early part of 1939. These factors will be largely offset by a larger supply of fresh eggs. The egg market during the last half of 1939 will probably be somewhat weaker than in 1938, due to increased supplies of fresh eggs, and to larger storage stocks that will have been accumulated during the early part of the year.

POULTRY

The heavier hatch of 1938 will continue to supply more poultry during the early part of 1939 than was marketed a year earlier. The prospective heavier hatch in 1939 will again supply more poultry during the latter part of the year than for the same period in 1938.

The net into-storage movement from September 1, 1938 to January 1, 1939 is expected to exceed that of a year ago and will approximate or slightly exceed the 1925-1934 average for the period. This increase is expected to be repeated in 1939.

This year the seasonal decline in chicken prices from May to December has been greater than usual. The usual seasonal advance from the winter low until April or May in 1939 would cause prices to approach those of the spring of 1938. A general increase in chicken prices cannot be expected for 1939. The larger storage and fresh supplies of poultry in the first half of 1939 as compared to 1938 and the larger fresh supplies in the last half of 1939 owing to the expected larger hatch are price-depressing factors. The expected increase in consumers' incomes will probably about offset these factors.

TURKEYS

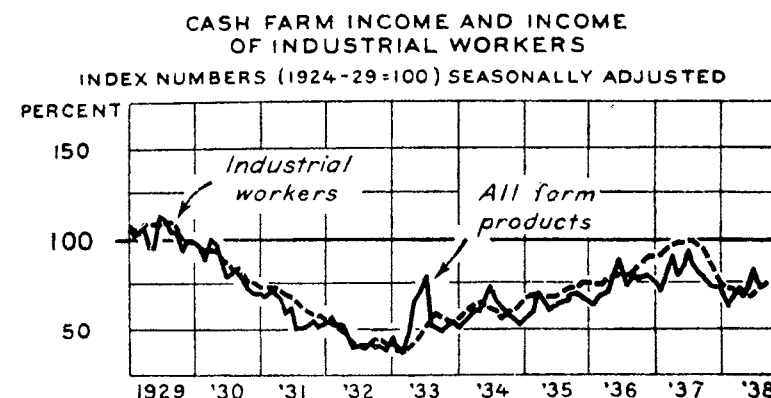
The number of turkeys on hand in the United States on September 1, 1938 was estimated to be nearly 4 per cent greater than in 1937 and about 6 per cent less than in 1936, which was the maximum year of production. The increase in the West North Central states was 10 per cent with the offsetting decline occurring in the southern and mountain states.

The farm prices of turkeys on November 15 was 4 per cent below the price a year earlier. The price effect was partly offset by lower costs of production during 1938.

A favorable outcome in the current season with abundant feed available for next season will most likely result in a further increase in numbers of turkeys for 1939.

The Business Situation

THE demand for agricultural products in this country is expected to be considerably better in 1939 than it was in 1938. Industrial production has increased greatly since last June and is expected to rise above the present level during the coming year. Prospects for increased production of automobiles, steel, textiles, and miscellaneous consumers' goods are more favorable than a year ago. Private building is expected to show a slight increase and public construction to show a considerable gain over 1938. These improvements should result in increased employment, expanded payrolls, and an increase in the purchasing power of domestic consumers of agricultural products. Foreign demand will probably be less favorable.



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